

**§ 550.450 What standards govern the conduct of the audit?**

Auditors must follow generally accepted standards for attestation engagements and other standards established by the OTS. An audit must ascertain whether your internal control policies and procedures provide reasonable assurance of three things:

- (a) You are administering fiduciary activities in accordance with applicable law.
- (b) You are properly safeguarding fiduciary assets.
- (c) You are accurately recording transactions in appropriate accounts in a timely manner.

**§ 550.460 Who may conduct an audit?**

Internal auditors, external auditors, or other qualified persons who are responsible only to the board of directors, may conduct an audit.

**§ 550.470 Who directs the conduct of the audit?**

Your fiduciary audit committee directs the conduct of the audit. Your fiduciary audit committee may consist of a committee of your directors or an audit committee of an affiliate. There are two restrictions on who may serve on the committee:

- (a) Your officers and officers of an affiliate who participate significantly in administering your fiduciary activities may not serve on the audit committee.
- (b) A majority of the members of the audit committee may not serve on any committee to which the board of directors has delegated power to manage and control your fiduciary activities.

**§ 550.480 How do I report the results of the audit?**

(a) *Annual audit.* If you conduct an annual audit, you must note the results of the audit (including significant actions taken as a result of the audit) in the minutes of the board of directors.

(b) *Continuous audit.* If you adopt a continuous audit system, you must note the results of all discrete audits conducted since the last audit report (including significant actions taken as a result of the audits) in the minutes of the board of directors at least once during each calendar year.

**Subpart C—Depositing Securities With State Authorities****§ 550.490 When must I deposit securities with State authorities?**

You must deposit securities with a State's authorities or, if applicable, a Federal Home Loan Bank under § 550.510, if you meet all of the following:

- (a) You are located in the State.
- (b) You act as a private or court-appointed trustee.
- (c) The law of the State requires corporations acting in a fiduciary capacity to deposit securities with State authorities for the protection of private or court trusts.

**§ 550.500 How much must I deposit if I administer fiduciary assets in more than one State?**

If you administer fiduciary assets in more than one State, you must compute the amount of deposit required for each State on the basis of fiduciary assets that you administer primarily from offices located in that State.

**§ 550.510 What must I do if State authorities refuse my deposit?**

If State authorities refuse to accept your deposit under § 550.490, you must deposit the securities with the Federal Home Loan Bank of which you are a member. The Federal Home Loan Bank will hold the securities for the protection of private or court trusts to the same extent as if the securities had been deposited with State authorities.

**Subpart D—Terminating Fiduciary Activities****RECEIVERSHIP OR LIQUIDATION****§ 550.520 What happens if I am placed in receivership or voluntary liquidation?**

If the OTS appoints a conservator or receiver for you under part 558 of this chapter, or if you place yourself in voluntary liquidation, the receiver, conservator, or liquidating agent must promptly close or transfer all fiduciary accounts to a substitute fiduciary, in accordance with OTS instructions and the orders of the court having jurisdiction.